Saskatchewan
Property Management
Corporation

Saskatchewan Property Management Corporation

Discussion Paper on Procurement

December 2002

DISCUSSION PAPER ON PROCUREMENT

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I. Background

A. Introduction

Saskatchewan Property Management Corporation (SPMC) is issuing this discussion paper to generate feedback about procurement practices it engages in on behalf of departments and agencies within Executive Government. To frame this discussion, this paper includes information about current public-sector procurement practices, current trends and issues facing suppliers and government, and the future direction or options.

B. Scope and magnitude

Currently the government of Saskatchewan has a mixed model of procurement activities. Most goods (approximately $100 - $130 million annually) for government are handled centrally by the Purchasing Branch of SPMC.

Procurement related to capital projects is decentralized among several departments and agencies (Highways, Health, Environment, Education, SPMC, etc.). This represents approximately $350 million annually. The issue of tendering for construction contracts is being addressed in a separate process and is outside the scope of this discussion paper.

Procurement of service contracts, excluding information technology, is decentralized to the various departments and agencies. Most information technology (IT) service contracts are channeled through SPMC.

The largest volume of procurement is conducted through Crown corporations and the MASH sector. Their purchasing activities are estimated at over $2 billion annually, including goods, services and construction.

The following table summarizes the location of suppliers where SPMC Purchasing has purchased goods and services (excluding construction) over the past three fiscal years. As shown approximately 81% of purchases have been sourced directly to Saskatchewan companies or are credited by manufacturers to Saskatchewan resellers or distributors.

Province	$ (Thousands)	%
Alberta	19,319	5.41%
BC	7,888	2.21%
Manitoba	7,862	2.20%
Other	3,262	0.91%
Ontario	22,486	6.29%
Quebec	5,021	1.41%
Saskatchewan	**291,374**	**81.57%**
Total	$357,215	100%

C. Procurement challenges and trends

The government faces a number of challenges when conducting procurement. For example:

- How can government procurement be used to help grow the provincial economy?
- Criticism when non-Saskatchewan suppliers win government business.
- Cost, complexity and timeliness of procurement processes ("friction").
- Lack of understanding of the process and facts by the business community and by other interested parties.
- Building capacity in local communities to be a source of supply to government.

The following trends also impact how government procures goods and services:

- **There is an increase in the amount of services related procurements.** More of what government purchases is now service related verses the traditional goods or supplies. Procurement of services is more complex and is not necessarily driven by the lowest price.
- **E-procurement.** Almost all governments are looking to leverage the Internet for service delivery and communications with suppliers. E-procurement is opening up opportunities that were not readily accessible a decade ago. E-procurement can also create market imbalances because not all suppliers have adopted this technology.

- **Complexity of procurements is increasing.** Numerous other factors associated with what is being bought are now often part of the procurement strategy and award criteria. For example, the length of contract, market conditions (e.g. changing prices), local servicing, environmental and occupation health and safety issues. These tenders/requests for proposals (RFPs) require greater time, effort and expertise for both government and suppliers.
- **There are fewer suppliers/bigger suppliers.** With increased globalization, the size, market position, and negotiating power of suppliers are increasing.
- **Environmentally friendly (green) procurements.** Public sector organizations are challenged with finding more environmentally friendly products to meet their program requirements.
- **Roles and requirements of the purchasing group.** The trend has been for the central group's role to move from transactional processing to providing more strategic guidance and responsibility for procurement process and practices. This role includes a need for more specialized skills in negotiation, strategic sourcing, information technology, and procurement of services and human resources.

D. Goals and objectives of government procurement

The Government of Saskatchewan has identified the following goals regarding procurement:

- Optimize benefits for the Saskatchewan economy through public sector procurement opportunities within the bounds of the existing trade agreements;
- Support fiscal and public policy through better government procurement practices (make it easier and cheaper to sell to government);
- Ensure that the public and suppliers have confidence in the system;
- Increase awareness and understanding of procurement processes and opportunities; and,
- Ensure that public sector procurement is carried out in an open, fair, consistent, efficient and competitive manner that obtains best value.

In performing a centralized purchasing or procurement function on behalf of the government, SPMC has two key clients. The first client is the program or department that requires the goods or services. For these clients, SPMC's objective is to provide timely procurement solutions to obtain what is needed for a reasonable price. The second client group is the suppliers who are looking to market their goods and services to government. For these clients, SPMC's objective is to provide suppliers with open access to government tender opportunities while ensuring best value in all purchases.

II. Initiatives/issues under consideration

A. Principles to guide SPMC procurement

The procurement policies and procedures used by the Government of Saskatchewan need to balance fair, open and competitive procurement with economic development interests.

One key objective of government procurement is to obtain best value in its acquisitions. That means that the low price is not always selected as other factors may be important to the user. Another key objective is to provide a system that allows fair, open competition for businesses.

To accomplish these objectives SPMC Purchasing Branch are guided by the following principles in its procurement policies and practices:

- Suppliers will have fair and open access to government opportunities.
- Competitive processes will be used when acquiring goods and services.
- Decisions will consider best value.
- Decisions and processes will recognize our obligations under the Agreement on Internal Trade (AIT).
- Procurement will foster economic development opportunities for Saskatchewan businesses.
- Procurement will be based on sound business practices that create confidence in the procurement processes.
- The process will balance autonomy for public sector managers and their accountability to the public for procurement actions.

Discussion

These principles are not new and have guided SPMC's procurement policies and practices for some time. However, it is helpful to suppliers to understand the guiding principles the government uses in procurement. These procurement principles support the government's goals to ensure confidence in and understanding of the procurement system and to provide an open, fair and competitive process. However, on occasion the government must find the appropriate balance between principles that conflict.

A question being considered is if the principles should be used throughout other government organizations that procure goods and services. Currently, these organizations are guided by their own procurement practices and policies.

B. Saskatchewan supplier preference for tenders

The intent of the AIT is to facilitate access to public-sector procurement opportunities across Canada. The agreement requires those opportunities that exceed the thresholds ($25,000 for goods and $100,000 for services and construction) to be accessible by all suppliers, regardless of their geographic location. In exchange for this access to out-of-province opportunities, Saskatchewan opportunities greater than the thresholds are open to suppliers from other jurisdictions. The AIT does not specify the procedures for procurements that fall below the thresholds. In these situations each jurisdiction establishes their own procedures. In addition, the province may, under exceptional circumstances, exclude a procurement opportunity from the AIT for specific regional and economic development purposes.

Within the AIT, governments are allowed to make provision for manufacturers or suppliers to include requirements for the supplier to meet local service and support for the product. The Purchasing Branch works with the public agencies to define and include these requirements in tenders whenever possible. For example with photocopiers, vendors are required to be able to provide a 6-hour response time. This requirement is factored into the award of the tender.

When a tender falls below the goods threshold of $25,000, SPMC normally includes a provision that allows it to give preference to a supplier from one of the four western provinces.

Discussion

Suppliers have often suggested that SPMC consider changing the provision for these lower value opportunities to provide for a preference for Saskatchewan suppliers. This could be applied to opportunities that fall under the AIT thresholds (goods competitions under $25,000 and for services/construction competitions that are under $100,000).

The objective of a preference clause would be to encourage small and medium sized Saskatchewan businesses to participate in government tender opportunities. Historically this clause would affect less than 10% of the value of all competitions conducted by SPMC's Purchasing Branch. The majority of these purchases are already acquired from local Saskatchewan vendors.

Most other provinces do not have a specific preference clause. In western Canada, Alberta and Manitoba do not include preference clauses in their tenders. BC currently has had a preference policy however they are in the process of eliminating it.

The government could eliminate or not adopt any preference clauses. This supports the principle of open competition for opportunities. The question is whether or not it strikes an appropriate balance between obtaining open access for suppliers and getting the best value for the province.

A targeted approach to preference policies could also be considered. This approach could be used to assist a specific industry sector within Saskatchewan. In cases where a preference policy is being considered government must also determine if it should be legislated or simply implemented as a policy.

C. Supplier development initiatives

Discussion

Suppliers should be aware of the public-sector procurement opportunities that are available each year as a result of the trade agreements and the electronic tendering systems used today. When more local suppliers are successful in getting public sector opportunities these expenditures help strengthen the provincial economy. Continued participation with local organizations and groups can further promote opportunities to do business with the Saskatchewan public sector.

Currently SPMC coordinates purchases for government departments and organizations. However there may be more opportunities to work with Crown corporations and other public sector organizations to enhance the coordination of buying common goods and services and suppliers access to these opportunities.

The government is reviewing its procurement policies and practices to determine if they create unnecessary barriers preventing Saskatchewan businesses from competing for opportunities. For example, do standard terms and conditions such as an insurance requirement prevent a small business from competing on a government opportunity?

With the opening up of procurement opportunities to all suppliers under the AIT regardless of their location, it is important to develop the capacity within local communities to take advantage of procurement opportunities. There is an opportunity for government to work with industry to encourage Saskatchewan businesses to compete for goods and services that are required or are currently supplied from out of province. SPMC in co-operation with several Crown corporations and other public sector buying organizations is planning an upcoming event for January 2003 in Saskatoon. The event known as the Purchasers' Showcase is about making it easier for Saskatchewan businesses to access the opportunities available through public-sector procurement. Saskatchewan businesses will have the chance to make multiple contacts in one location during the event. For Saskatchewan suppliers already doing business with the public-sector, the Purchasers' Showcase will provide an opportunity to explore expanding product offerings or determine if there are other organizations in the sector they might be able to do business with.

D. Advertising tenders with electronic tendering systems

Prior to 1989 and the introduction of an electronic tender advertising system most tenders were sent or "pushed" directly to suppliers. In this system suppliers registered with the Purchasing Branch for the different commodities that they sold. Tenders were mailed directly to suppliers based on the commodities that they registered for.

The "push" processes required a huge administrative effort to both process the paper and keep the lists up to date. First suppliers had to register for the commodities that they sold. If they did not register for a commodity they would not normally receive a tender. Then tenders needed to be copied and mailed (or later faxed when suppliers had these machines).

The introduction of electronic tender systems significantly changed how the tender process works. In 1989, a joint initiative of the four western provinces created the first electronic tender system in Canada called the Western Procurement Information Network (WPIN). This system provided suppliers access to opportunities throughout the western provinces (B.C., Alberta, Manitoba and Saskatchewan).

The next phase of electronic tendering was the introduction of the Open Bidding System (OBS). This was an initiative by the Federal Government. Once the OBS was operational the western provinces joined OBS and discontinued the use of WPIN.

With the introduction of the AIT in 1995 and as the use of the Internet started to grow, a number of provinces and the Federal government jointly introduced the MERX, an Internet based electronic tendering service in 1997. Tenders for most provinces and the federal government are available on the MERX service.

The MERX system provides free public browsing to all tenders opportunities. Suppliers who use the service regularly can subscribe for a monthly charge. Subscribers have access to additional services such as bid matching where MERX will notify a supplier whenever a certain type of tender is available. Suppliers who only access the system occasionally can browse opportunities for free and pay a one-time fee to purchase tender documents.

With the electronic tendering system used today the opportunities are advertised on the electronic tender system. Suppliers can search the site for opportunities they are interested in. When a supplier finds an opportunity that they are interested in they "pull" the opportunities from the tender service. This has reduced the administrative effort required to make tenders available to suppliers. A common issue that suppliers do raise about the existing system is the cost of the MERX service. Many suppliers feel they should not have to pay for government procurement opportunities.

Discussion

SPMC is looking at ways to supplement the existing national electronic tender service to make it easier and cheaper for suppliers access opportunities. SPMC plans to introduce a web site in early 2003 to provide free access to most SPMC's tendering opportunities for goods and services. Suppliers will simply download the document from the SPMC web site.

In the long term, suppliers would benefit from access to tenders from the broader public sector. SPMC's web site could be expanded to provide suppliers with easy access to other Saskatchewan public sector tender opportunities. This could include advertising or providing links to other tender opportunities from other public sector organizations in Saskatchewan.

Suppliers can also benefit from a consolidated or single window to be able to find out about public tender opportunities across the country. MERX currently provides suppliers with a single point where they can find out about tender opportunities from most provinces, the federal government and many other levels of government.

These initiatives will support the government's goals to maximize the benefits for the Saskatchewan economy from procurement and make it cheaper and easier for suppliers to sell to government.

E. Tendering thresholds for procurement of goods

The Agreement on Internal Trade (AIT) established a $25,000 threshold at which point goods opportunities are to be made available to all suppliers across Canada.

Within this framework SPMC currently uses the following thresholds for advertising opportunities:

- The majority of procurement opportunities over $5,000 are advertised on the MERX electronic tender service. Awards for goods opportunities valued between $5,000 and $25,000 are restricted where possible to firms located in the four western provinces.
- For opportunities valued at less than $5,000 invitational tenders are normally used.
- Departments are currently provided a general delegation for purchases with a value of less than $1,000.

These thresholds have been developed to provide suppliers easier access to opportunities. Under this approach it is simpler to advertise everything on the electronic tender system than it is to have multiple processes based on dollar thresholds. Although it is possible to create alternative thresholds, there would be significant work for both government and suppliers to maintain different processes or systems for tenders of different values.

To streamline the process for small value purchases, consideration is being given to increasing the delegated authority for departments to $5,000. This general delegation would be for the purchase of small dollar value supplies and/or services. Departments would be required to obtain 3 quotes in most situations.

Discussion

Using one threshold to advertise tenders is easiest for suppliers. The existing process of using an electronic advertising service for opportunities with an estimated value of more than $5,000 makes it easy for suppliers to find out about procurement opportunities. The introduction of SPMC's web site to supplement the MERX service will make these opportunities available for free thereby making it cheaper and easier for suppliers to access government procurement opportunities.

Any increase in the authority for delegated purchases would provide a greater opportunity for the goods to be purchased in the local communities. The availability of local supplier support to deal with performance and warranty issues, easier administration and less lead-time for delivery are beneficial and generally offset any price differential. This supports government's goal to reduce administrative costs. Thresholds would be reviewed with departments on a regular basis to consider the current environment and trends in procurement.

F. Procurement of service related contracts

The AIT established $100,000 as the threshold for nation-wide advertising of services opportunities.

Procurement of most service contracts excluding information technology is decentralized to the various departments and agencies. For service-related opportunities conducted by SPMC the following guidelines apply.

- Invitational competitions are normally used for services opportunities valued at less than $25,000.
- Opportunities with an estimated value of between $25,000 and $100,000 are advertised on MERX.
- All services opportunities with an estimated value of greater than $100,000 are advertised on MERX.

The service related opportunities that are administered directly by the departments follow their own procedures and thresholds.

Some suppliers have indicated that it is an onerous task to go to numerous public agencies to find out about opportunities and understand each department's process. Suppliers have also indicated that a formal RFP process can be a very time consuming process for smaller opportunities. Alternative processes have been suggested for common requirements. For example SPMC could pre-qualify service suppliers for consulting or project management services. When a requirement came up suppliers would then be selected from the pre-qualified list to do an estimate or complete proposal that focuses only on the work that is being requested. This process would allow suppliers to complete pre-qualification requirements once rather than with each response they prepare.

Discussion

Government is considering if a common approach to the procurement of services should be adopted. As shown in the inter-jurisdictional comparison in Appendix B, a few of the other provinces have adopted this approach for the procurement of services.

Common guidelines would support government's goal to provide easier access to government service procurement opportunities. This could simplify the process for suppliers to find out and respond to opportunities. The following guidelines are being considered:

- All services opportunities with an estimated value of greater than $100,000 are advertised using the electronic tender system.
- For service opportunities with an estimated contract value of greater than $25,000 and less than $100,000, the public agency should obtain competitive bids from three suppliers. Public Agencies would be encouraged to advertise the opportunity on the provincial electronic tender system although in situations departments may use an invitational approach to these competitions.
- For service opportunities with an estimated value of less than $25,000, public agencies should invite responses from at least two suppliers.

Consideration is also being given to the potential for using a pre-qualification process for certain common service requirements. If it was used the public agency could select suppliers from the list to obtain a proposal rather than conducting a full request for proposal process. In this situation the challenge would be to establish such a pre-qualified system, allowing for new firms or existing firms to keep information up to date and maintaining fairness and competitive pricing for projects.

G. Procurement in the new economy- leveraging technology and improvement of processes

Discussion

With technological advances, the use of the Internet to conduct business and communicate has grown considerably. Community net has made the Internet available to many areas of the province. However, the use of e-business in Saskatchewan is lagging behind other jurisdictions. The government wants to explore ways to stimulate more e-business transactions in order to take greater advantage of the opportunities in the information economy and to realize potential benefits for Saskatchewan suppliers and the public sector.

The government will be automating several aspects of its internal procurement processes in 2003-04. In addition, the government is interested in exploring automation of the entire supply chain from a customer's product selection/request using electronic catalogues, through submission of an order, receipt of goods, payment and ending with the supplier's settlement of the account. Automating the supply chain would benefit the Saskatchewan economy by connecting local suppliers with government buyers and provide administrative efficiencies for the provincial government, Crown corporations and private sector suppliers.

There are benefits to greater use of automation in the procurement process both within an organization and between buyers and suppliers:

- Reduced administration and reduced transaction cost for ordering and payment;
- Reduced administration effort and cost for suppliers to process orders and settle accounts;
- Reduced requisition and procurement cycle times;
- Reduced duplication of data entry and processing; and
- Enhance decision-making, inventory management, and forecasting.
- Assist small suppliers to be able to better connect to large organizations.

However, integrating and automated all aspects of the supply chain flow of electronic documents such as tenders, bids, purchase orders, invoices and payments with suppliers requires time, effort and expense between buyers and suppliers.

H. Legislation

The legislative authority for the Purchasing Branch is established by *The Purchasing Act*. A copy of the Act is included in Appendix C of this paper.

When *The Purchasing Act* was established it focussed on the procurement for goods (supplies). The Act grants the Director of Purchasing sole responsibility in the acquisition of supplies (goods) for public agencies. A "Public Agencies" is defined as any department board, commission, bureau, office or other branch of the public service of the government of Saskatchewan. At the request of the Crown corporations or institutions, the minister may designate them as a "Public Agency" (none have been designated).

As indicated in the challenges and trends section, there is an increase in the amount of services related procurements. The government now does significant contracting for other services. This activity is largely decentralized across the various public agencies of government.

The establishment of alternative organizational structures has decentralized procurement outside *The Purchasing Act*. Suppliers now have to know many different processes and contacts to "sell" to the public sector. Small and medium sized businesses have indicated that they do not have resources to do this and may not compete on many opportunities.

The introduction of trade agreements has changed how procurement is being done. The Agreement on Internal Trade was introduced in 1995 to cover procurement activities of the government departments. Its scope now covers all MASH entities (July 2000).

Discussion

SPMC is beginning a consultative process regarding potential changes to *The Purchasing Act* and the *Purchasing Agency Operating Regulations*. The process will consider a number of issues. These include:

- if the mandate and scope should be broadened to include a centralized approach to the procurement of services for public agencies;
- are changes required to support Saskatchewan businesses ability to secure government procurement opportunities; and,
- whether there are other administrative changes required to recognize current and future technology opportunities.

III. Next steps

This paper is being shared within government and the supplier community as a method of seeking input to the process of improving our procurement practices.

Anyone interested in providing feedback on this paper or other issues related to SPMC's procurement process may provide feedback until February 15, 2003.

The feedback may be provided by mail, fax or email to the Purchasing Branch of SPMC.

Comments can be directed to:

SPMC Purchasing Branch
Attention: Discussion Paper
3rd Floor, 1942 Hamilton Street
Regina Saskatchewan
S4P 3V7

Fax: (306) 787-3023

Email: purchasing@spmc.gov.sk.ca

For more information on this discussion paper please contact Rob Isbister, Director of Purchasing at (306) 787-6005.

IV. Appendix A - Common purchasing terms

The following are terms are used in this document and other public sector procurements:

Agreement on Internal Trade (AIT)

The AIT is an agreement between the Federal, Provincial and Territorial governments to reduce and eliminate to the extent possible barriers to free movement of persons, goods, services and investments within Canada. Chapter five of this agreement governs procurement. The agreement is available at the Internal Trade Secretary website at www.intrasec.mb.ca

Bid/Proposal/Quotation

The term bid, proposal, quotation is used to describe the supplier's response to our request or opportunity.

Contract

A contract is a deliberate engagement between parties whose elements must include an offer and an acceptance of the offer, capacity of the parties to contract (e.g. legal age), consideration to support the contract, legality of purpose and certainty of terms (a common understanding between the parties).

Goods/Supplies

Means all goods, wares and merchandise and the services incidental thereto that are required by a public agency. This includes for example food, drugs, chemicals, petroleum and other processed products, furnishings, fixtures, equipment, appliances and stationery and office products.

Invitation to Tender (ITT)

An invitation to tender is used when the requirement is well defined and price will be the dominant factor in the evaluation.

Local purchase order (LPO)

Local purchase orders are used to purchase inexpensive items, emergency requirements or to purchase items off of standing offer agreements.

MASH sector

Acronym used to describe the Municipal, Academia, Schools and Health organizations in each province.

MERX

MERX is an Internet based electronic tender advertisement system used by most provinces and the Federal government to advertise procurement opportunities. The web site is www.merx.bmo.com.

Opportunity

Opportunity describes the document that details our requirements. This could include documents such as an Invitation to Tender, Request for Quote, Request for Proposal or any other type of form we have prescribed.

Purchase Order (PO)

Purchase orders are used where a defined need exists. Suppliers are requested to provide specific items and quantity and delivery to meet the requirement. Once a successful supplier is chosen through a competitive process they are issued the purchase order to provide the goods.

Request for Proposal (RFP)

Request for proposals are utilized when no defined solution to the problem exists. The RFP defines the problem and asks supplier to propose a solution.

Request for Information (RFI)

A request for information is utilized to seek information about potential products, suppliers or solutions to a problem. The RFI outlines the information requested and the guidelines for the supplier response.

Service related contracts

A contract for human capital or professional services such as consultants, or specialists, project management, information technology development resource or other related resource requirements.

Standing Offer Agreement (SOA)

A standing offer is an arrangement between the government and a supplier established through a competitive process. The government uses SOAs when it anticipates a need for products or services on an ongoing basis but is uncertain as to exactly how much will be purchased and when. Under a SOA, suppliers provide on request, specific goods or services at set prices or under agreed conditions. Standing offers terms can vary depending on the commodity and need. The period's of offers range from several months to several years.

V. Appendix B - What is happening in other jurisdictions

British Columbia

British Columbia has recently issued their own discussion paper focused on legislative policy options related to procurement. The paper states that the "*The Purchasing Commission Act* needs to be modernized, since it does not give the commission the mandate for the procurement of service-related contracts and does not reflect the current business environment. The original role of the Purchasing Commission needs to be re-evaluated in light of the government's stated intention to offer procurement through a centralized shared service business model."

The existing mandate of the B.C. Purchasing Commission includes the purchase of goods for government and institutions under the administration of government. The mandate allows the Commission to provide advice and assistance to the provincial public sector and publicly funded entities and allows them to access their agreements.

The Commission has the power to apply local preference to their procurement though they have moved away from applying such a preference.

B.C. have their own electronic tender advertisement system (BC Bids) and also make their opportunities available MERX.

Alberta

Public Works, Supply & Services purchase supplies on behalf of government. They will, upon request, act as an agent for boards, commissions and crowns in the purchase of their goods and services.

Alberta does not have a local preference policy. They have been a strong proponent of the single window concept for all public procurement activity and are working with their MASH sector to develop a new electronic tender advertisement system. Currently both the central group and the MASH sector in Alberta use MERX to advertise their opportunities under the AIT.

Saskatchewan

SPMC's Purchasing Branch is responsible for the purchase of goods (supplies) for public agencies. Procurement of service contracts excluding information technology is decentralized to the various departments and agencies. SPMC Purchasing Branch handles most information technology service opportunities and also assists departments with other service related contracts when requested. Purchasing Branch currently uses a western Canadian preference clause for goods tenders that fall under the AIT thresholds.

SPMC uses MERX to advertise goods and services tenders. Construction tenders are advertised in the newspapers and with the local construction associations using their coolnet service.

Manitoba

The Procurement Services Branch operates under the legislative requirements of *The Government Purchases Act*. In 1998 Manitoba passed *The Sustainable Development Act* which recognized that governments internal operations and procurement practices play an integral role in promoting environmental awareness and sustainable development. Their procurement guidelines include: promoting environmental sustainable economic development, conserving resources, conserving energy, promoting pollution prevention, waste reduction and diversion, evaluating value, performance and need.

The current mandate for Manitoba's Procurement Services Branch covers the purchase of goods required by government and to:

- ensure that every purchase represents a fair and reasonable cost to the taxpayer for the required goods or services.
- ensure that all qualified and interested potential suppliers are extended the opportunity to compete for Provincial Government business.
- ensure that all purchasing transactions are processed in a timely and cost effective manner that best fulfills the requirements of the customer while satisfying any applicable legislation and/or management policy.
- contribute to the government's environmentally sensitive product initiatives and encourage the use of environmentally preferred products.

Manitoba does not have a local preference policy and uses MERX to advertise their tender opportunities.

Ontario

The Shared Services Bureau (SSB) provides business support services to ministries and agencies across the Ontario Public Service, replacing many individual internal administration services that had been provided within each ministry. The Strategic Procurement Branch manages procurement transactions in the Ontario Public Service and enterprise-wide initiatives such as fleet management. The branch also provides procurement support to individual ministries.

The Procurement Policy and IT Procurement Branch is responsible for the development of the government's procurement policy framework, the preparation of requests for proposals and negotiating and managing government-wide contracts for information and information technology (hardware, services and software). The Branch also provides strategic procurement advice, training and services to government ministries and agencies, supports supplier development and the ongoing implementation of Ontario's inter-provincial trade agreements. Ontario uses MERX to advertise their opportunities.

Quebec

Quebec's central purchasing agency manages the purchase of all goods for government. They are involved in some services contracting such as printing. Departments have the option to seek their assistance on other service requirements. The central agency also manages the disposal of assets. The province has separate entities to manage all telecommunications, some IT procurement and construction.

Quebec currently uses MERX to advertise their opportunities and has recently closed an RFP create their own tender advertisement system.

Nova Scotia

The Procurement Branch of the Nova Scotia Department of Transportation and Public Works is responsible for ensuring that the purchase of goods, services, construction, and facilities is conducted in accordance with the principles specified in the Government Procurement Policy. The branch also provides assistance to public bodies, such as School Boards and Hospitals who also follow the Procurement Policy. The government Purchasing Agency (GPA) operates under the authority of the Director of Purchasing. The GPA assists the organizations throughout government.

Nova Scotia has completed a number of e-procurement initiatives. These initiatives include their own tender advertisement system and for some commodities (IT goods and services) suppliers receive their tender documents electronically and they also bid electronically. Nova Scotia also makes tender opportunities available to MERX and other similar services.

New Brunswick

Central Purchasing Branch purchases goods and services for government departments. New Brunswick operates a central warehouse for commonly used supplies, in-house printing services, and postal services and forms design. The branch will procure goods and services for other government funded bodies. New Brunswick has a local preference clause for those procurements not covered by a trade agreement allowing preference for New Brunswick and Atlantic Canada vendors. They have developed their own tender advertisement system and also make tender opportunities available to MERX and other similar services.

Prince Edward Island

Procurement Services is responsible for tender administration and issuing orders for the purchase of materials and supplies used by all departments of the Provincial Government including some boards and commissions. The section also administers the Province's Fleet Management System. Services and construction contracts are procured directly by departments and agencies. PEI has their own tender advertisement system and also makes tender opportunities available to MERX and other similar services. PEI has a local preference clause.

Newfoundland and Labrador

Newfoundland and Labrador uses central purchasing for goods and services for departments, crowns, municipalities, school boards, agencies, hospitals, boards, commissions (but not for Newfoundland & Labrador Hydro). All goods and services are competed through invitation to tender. The specification is mandatory and low price wins. To award to other than the low compliant would require approval of the Lieutenant Governor in Council. Cabinet approval would be required to use a Request for Proposal process. Newfoundland has their own tender advertisement system and also makes tender opportunities available to MERX and other similar services.

VI. Appendix C - *The Purchasing Act*

The Purchasing Act

being

Chapter P-49 of *The Revised Statutes of Saskatchewan, 1978* (effective February 26, 1979) as amended by *The Revised Statutes of Saskatchewan, 1978 (Supplement)*, c.55, and the *Statutes of Saskatchewan*, 1983, c.11; and 1986-87-88, c.57.

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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CHAPTER P-49

An Act respecting Government Purchases

Short title

1 This Act may be cited as *The Purchasing Act*.

Interpretation

2 In this Act:

(a) **"department"** means a department as defined in *The Government Organization Act*;

(b) **"director"** means the Director of Purchasing;

(c) **"minister"** means the member of the Executive Council to whom for the time being the administration of this Act is assigned;

(d) **"public agency"** means any department, agency, board, commission, bureau, office or other branch of the public service of the Government of Saskatchewan and includes any crown corporation or institution as the minister may designate when such designation is requested by the crown corporation or institution;

(e) **Repealed.** 1986-87-88, c.57, s.4.

(f) **"supplies"** means all goods, wares and merchandise and the services incidental thereto that are required by a public agency for the transaction of its business and affairs and, without limiting the generality of the foregoing, includes food, drugs, chemicals, petroleum and other processed products, furnishings, fixtures, equipment, appliances and stationery, but does not include supplies designated by the minister as being included in a contract for construction or a contract for other services.

R.S.S. 1978, c.P-49, s.2; R.S.S. 1978 (Supp.), c.55, s.2; 1983, c.11, s.72; 1986-87-88, c.57, s.4.

Director of Purchasing

3(1) The minister shall appoint an officer or employee of a department or a corporation that is an agent of Her Majesty in right of Saskatchewan as an official to be called the Director of Purchasing.

(2) The director shall be responsible for the administration of this Act and the orders and regulations made pursuant to it.

(3) In the exercise of his powers and the performance of his duties under this Act, the director shall be responsible to the minister or to any officer of the department or corporation of which he is an officer or employee that the minister may designate in writing for the purpose.

1986-87-88, c.57, s.4.

Duties of agency

4(1) The director shall:

(a) acquire supplies by purchase or otherwise;

(b) sell or otherwise dispose of supplies not required by public agencies.

(2) The director may by entering into agreements or otherwise secure services considered necessary by it for the acquisition or disposal of supplies.

R.S.S. 1978, c.P-49, s.4; 1986-87-88, c.57, s.4.

Purchases to be made through agency, exception

5(1) Subject to subsections (2) and (3) of this section and section 7, every public agency shall purchase through the director all supplies required by the public agency.

(2) The Lieutenant Governor in Council may by order declare that any class of supplies may be purchased by all public agencies or by any specified public agency otherwise than through the director, and may stipulate the manner in which such purchases may be made.

(3) The director may by order, which may be general in all its terms or limited as to its terms, permit the acquisition by any public agency of supplies otherwise than through the director if he is satisfied that by doing so no costs will be incurred by the public agency that exceed the costs that would be incurred for such supplies if they were purchased through the director.

R.S.S. 1978, c.P-49, s.5; 1986-87-88, c.57, s.4.

Purchase of supplies contrary to Act malfeasance in office

6(1) Every employee in a public agency who wilfully acquires any supplies in contravention of any of the provisions of this Act or any regulation or order made thereunder shall be deemed to have committed an act of malfeasance in office, and he shall thereupon be liable to suspension or dismissal from office.

(2) The director may, where he is satisfied that a contravention by any person of any of the provisions of this Act or of any regulation or order made thereunder is inadvertent or unintentional, declare the transaction as being in accordance with this Act and the orders and regulations made thereunder in order that the payment for the supplies in respect of which the transaction took place may be made.

R.S.S. 1978, c.P-49, s.6.

Purchases in case of emergency

7 Subject to any orders made under section 12, a public agency may purchase or otherwise acquire other than through the director any supplies required by it to meet an emergency.

R.S.S. 1978, c.P-49, s.7; 1986-87-88, c.57, s.4.

Disposition of surplus supplies

8 Subject to any regulations made under section 11 supplies that are declared by a public agency to be surplus to the needs of the public agency shall be placed by it under the control of the director for disposition by sale or otherwise, or for re-issuing to another public agency.

R.S.S. 1978, c.P-49, s.8; 1986-87-88, c.57, s.4.

Disposition of certain proceeds

9 Moneys received by the director from the disposition or re-issuing of supplies shall be:

(a) paid to the Minister of Finance and shall:

(i) form part of the consolidated fund if their purchase was made from moneys appropriated out of the consolidated fund; or

(ii) form part of the consolidated fund and be credited to the favour of the public agency that placed the supplies under the control of the director in the account of the advances made to the public agency if their purchase was made from moneys so advanced; or

(b) paid to the public agency that placed the supplies under the control of the purchasing agency if their purchase was not made from moneys of the consolidated fund or advanced from that fund.

R.S.S. 1978, c.P-49, s.9; 1986-87-88, c.57, s.4.

Standards

10 The director may make or procure tests, conduct examinations or analyses, or use whatever other means he considers necessary in order that standards for supplies may be established and maintained.

R.S.S. 1978, c.P-49, s.10.

Regulations

11 The Lieutenant Governor in Council may make regulations prescribing:

(a) the manner in which supplies will be acquired and disposed of whether by public tender or otherwise, and the procedures to be followed;

(b) the types of supplies that shall be acquired or disposed of by public tender or otherwise;

(c) the manner in which supplies may be declared surplus to the needs of a public agency;

(d) the manner in which supplies declared surplus to the needs of a public agency may be re-issued to another public agency;

(e) any other matter or thing not inconsistent with this Act that may be considered requisite for carrying out the intent and purpose of this Act and the regulations and orders thereunder.

R.S.S. 1978, c.P-49, s.11.

Orders

12 The minister may make orders:

(a) governing the manner in which a public agency shall request the director to purchase or dispose of supplies;

(b) governing the manner in which the business of the director shall be conducted and the forms to be used in connection therewith;

(c) prescribing the kinds of supplies excluded from the provisions of this Act on the basis that those supplies are included in contracts for construction or contracts for other services or for any other reason the minister considers valid;

(d) prescribing conditions the existence of which constitute a case of emergency for the purposes of section 7 and prescribing the purchases or class of purchases that may be made other than through the director in such a case;

(e) designating the officials or employees of a public agency that may make purchases in a case of emergency other than through the director and the conditions under which such purchases may be made.

R.S.S. 1978, c.P-49, s.12; 1986-87-88, c.57, s.4.

Act governs in case of conflict

13 Where this Act or any orders or regulations thereunder conflict with any other Act or any orders, regulations or bylaws thereunder the provisions of this Act or the orders or regulations, as the case may be, shall govern.

R.S.S. 1978, c.P-49, s.13.

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